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Iberdrola Renewables

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Open Energy

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MMA Renewable Ventures

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Working with the states to develop cost-effective PV policies and programs.

The Solar Alliance

Solar Alliance Comments on the January 8, 2009 AB2466 Implementation Workshop

January 16, 2009

Assembly Bill 2466, (AB2466) approved into law in September, 2008, is designed to assist local governments to self-generate renewable energy for their own facilities. Recognizing that many local governments are setting aggressive greenhouse gas and renewable generation goals, AB2466 creates a simple mechanism for local governments to cost effectively deploy solar. Local governments often own a wide variety of properties and frequently find their largest electric loads in facilities that cannot host solar systems economically. Conversely, the facilities where solar can be most economically deployed, such as warehouses or open land owned by the local government, tend not to have significant electric loads.

AB2466 is designed to allow a local government to site up to a 1 MW solar system on a facility, use the generation to offset load at that facility, and then credit that generation against the electrical loads of other facilities owned by that local government. The credit applied to the remote site is only for the generation portion of the retail electric rate; systems are limited to 1MW in size and the overall program is limited to only 250 MW, statewide.

At a well-attended workshop convened by the California Public Utilities Commission (CPUC) Energy Division on January 8, 2009, a joint utility presentation proposed an implementation framework that raises several issues that may render the AB2466 program unfeasible:

1. The utilities propose the "generating account" will not be allowed to participate in net energy metering. Typical net metering nets imports and exports over the course of one year, allowing summertime solar production to roll over to winter months. Under the utility proposed implementation of AB2466, any generation in excess of the building load will be treated as a generation-only credit, even when applied to that same building's imports in a later month. This proposal will severely disrupt the economics of any proposed arrangements and should be rejected. Generation credits should be determined based on the excess over the net metered load at the generation site.

2. The utilities propose that local governments who install multiple systems and create multiple generating accounts will not be allowed to use their credits against the same benefiting accounts. Generator accounts and benefiting accounts must be aligned through rigid "arrangements" that can only be changed with months of advance notice. This proposal is designed to simplify billing systems changes by the utilities but it will limit the flexibility of local governments to offset their costs and will likely reduce the savings for the local government. Public policy and state law should not be dictated by software limitations and this proposal should be rejected.

3. According to AB2466, participating customers are responsible for the costs of the program, including billing-related expenses. The utilities propose either a direct charge or memorandum account for later recovery, but fail to specify any limits on the costs. Given the significant costs of changing legacy utility billing systems, it may prove far less expensive for the program to outsource the billing to a third party or have the utilities "hand bill" the accounts that might participate in the program. Even if the billing systems changes can be specificall entified and limited to only those necessary for AB2466 implementation, modifying billing systems designed to serve millions of customers will lead to excessive costs. This proposal should be carefully reviewed to find a least-cost solution.

4. The utilities raised a question whether incentives under the California Solar Initiative (CSI) could be used for systems participating in the AB2466 program. Section 25782 (a) of Senate Bill 1 specifies eligibility requirements for systems receiving CSI incentives, including requirement (5) stating "The solar energy system is located on the same premises of the end-use consumer where the consumer's own electricity demand is located." The systems participating under AB2466 are designed to meet the end-use consumer's own electricity demand on the particular premise where the system is located in addition to other premises owned by the same end-use consumer. The systems should be allowed to participate fully in the CSI program.

5. Finally, the utilities noted a final challenge where the California Energy Commission (CEC) Renewables Portfolio Standard Eligibility Handbook, 3rd Edition, specifically excludes net metered, distributed generation that received CSI rebates from the California Renewable Energy Program (see pages 17-19). Whether the CEC's certification is necessary or not to participate in the AB2466 program was a matter of debate in the workshop, but it seems unlikely that any local government would invest in a solar system specifically excluded from California's Renewable Energy Program.

> This issue can be easily remedied by the CEC itself. The CPUC is expected to issue a decision on renewable energy credit (REC) trading that will allow investor owned utilities to use RECs for RPS compliance purposes. The CEC should likewise issue a decision stating that distributed renewable generation is already participating in voluntary RPS compliance markets through the use of RECs and certify the systems for RPS compliance.

The Solar Alliance appreciates effort of the CPUC's Energy Division and the Utilities to examine the implementation of AB2466. Respectfully, the Solar Alliance urges the Utilities and the CPUC to think creatively of solutions for the problems that plague any legislation establishing a new program. AB2466 creates a small program, relative to the CSI but it represents an opportunity for local governments to manage their energy costs and realize their environmental goals; it is an opportunity that should not be wasted.